

SENATE BILL REPORT

ESB 5099

As Amended by House, April 17, 2013

Title: An act relating to fuel usage of publicly owned vehicles, vessels, and construction equipment.

Brief Description: Concerning fuel usage of publicly owned vehicles, vessels, and construction equipment.

Sponsors: Senator Rivers.

Brief History:

Committee Activity: Governmental Operations: 1/28/13, 1/29/13 [DP].

Passed Senate: 2/22/13, 46-2.

Passed House: 4/17/13, 96-1.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: Do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Braun and Rivers.

Staff: Karen Epps (786-7424)

Background: By the year 2015, all state agencies must satisfy 100 percent of their fuel needs for all vessels, vehicles, and construction equipment from electricity or biofuels. By June 1, 2010, the Department of Commerce (Commerce) must adopt rules to address criteria and a phase-in schedule for state agencies and local government subdivisions of the state to convert their fleet to electricity and biofuels. Compressed natural gas, liquefied natural gas, or propane may be substituted for electricity or biofuel if Commerce determines that electricity and biofuel are not reasonably available.

By the year 2018, cities and counties must satisfy 100 percent of their fuel needs for all vessels, vehicles, and construction equipment from electricity or biofuels. By June 1, 2015, Commerce must adopt rules to address criteria and a phase-in schedule for cities and counties to convert their fleet to electricity and biofuels. Transit agencies using compressed natural gas on June 1, 2018, are exempt from this requirement.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In order to phase in this requirement, state agencies and local governments, to the extent practicable as determined by Commerce, must achieve 40 percent fuel usage using electricity or biofuel for publicly owned vessels, vehicles, and construction equipment by June 1, 2013.

Summary of Engrossed Bill: Engine retrofits that would void warranties are exempt from the requirement that, by the year 2018, cities and counties satisfy 100 percent of their fuel needs for all vessels, vehicles, and construction equipment from electricity or biofuels. Additionally, compliance with this requirement is not intended to require replacement of equipment before the end of its useful life.

Commerce must convene an advisory committee of representatives of local government subdivisions and representatives from organizations representing each local government subdivision to work with Commerce to develop the rules. The rules adopted by Commerce must include the authority for local government subdivisions to elect to exempt police, fire, and other emergency response vehicles, including utility vehicles used for emergency response, from the fuel usage requirement.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill gives 31 transit authorities some needed flexibility in managing their assets. The delay of three years was part of an omnibus bill from a few years ago. The exemption for emergency vehicles is appreciated. Allowing the decisions to be made at the local level allows counties to adopt sustainability policies that work in their communities. There are concerns about specialized equipment having performance issues or not reacting to cold when using biodiesel. There are also concerns about the availability of biodiesel in eastern Washington. Counties have a wide variety of vehicles in their fleet, some of which will have performance issues. There will be increased costs to counties. The infrastructure is lacking. There is a huge unfunded liability associated with this mandate and cities do not have that money. Costs to Vancouver would be over \$10 million. A typical police car would be over \$50,000 and fire trucks could cost \$500,000 or more. Some equipment is not available in an alternative fuel model. This bill provides an exemption for first responder vehicles, hugely expensive vehicles. There is concern about the reliability of alternative fuel models. This is one of the most expensive and concerning unfunded mandates facing the cities.

CON: The underlying law puts Washington in the right direction in becoming independent of fossil fuels, foster Washington business innovation, and moves us forward in reversing climate change. Some cities may be nervous, but the rules required in the underlying law are still being developed. This requirement is good for Washington businesses because it would support local companies rather than out-of-state oil companies. The current law contains a practicability component and does not need to be amended. Electricity and natural gas

provide good benefits for our country and our citizens. The current law provides options for local governments to have a stable fuel price and a domestic fuel source.

Persons Testifying: PRO: Roger Farris, WA Fire Commissioners Assn.; Michael Shaw, WA St. Transit Assn.; Gary Rowe, WA St. Assn. of Counties; Mark Brown, Cities of Vancouver, Lacey, Battle Ground, Ridgefield; John Williams, City of Battle Ground; Carl Schroeder, Assn. of WA Cities.

CON: Miguel Perez-Gibson, Climate Solutions; Nancy Atwood, Puget Sound Energy.

House Amendment(s): Requires Commerce to include an electric utility or a natural gas utility, or both, as a member of the advisory committee established to work with Commerce to develop rules relating to local government fuel usage requirements. Provides that Commerce may invite additional stakeholders to participate on the advisory committee. Requires a local government subdivision to notify Commerce prior to exempting a police, fire, or other emergency response vehicle, including utility vehicles frequently used for emergency response, from the fuel usage requirement. Establishes that the notice must include the rationale for the exemption and an explanation of how the exemption is consistent with rules adopted by Commerce. Requires local government subdivisions purchasing vessels, vehicles, and construction equipment capable of using biodiesel to request warranty protection for the highest level of biodiesel the vessel, vehicle, or construction equipment is capable of using, up to 100 percent biodiesel, as long as the costs are reasonably equal to a vessel, vehicle, or construction equipment item that is not warranted to use up to 100 percent biodiesel.